REMARKS

This Amendment is in reply to the Office Action mailed on June 13, 2005. Claims 1-2, 7-8, 11-12, and 16 have been amended. Claim 1 has been amended to more clearly claim the present invention. Claim 2 has been amended to include the limitations of claims 3-6. Claim 7 has been amended to properly depend from claim 2. Claim 8 has been amended to include the limitations of claim 10. Claims 11 and 12 have been amended to properly depend from claim 8. Claim 16 has been amended to include the limitation of carrying out the method of claim 15 only if the present appraised value exceeds the total cost. Support for this amendment can be found in the specification on page 4, lines 21-24. Claims 3-6 and 10 have been canceled. Claims 1, 2, 7-9, and 11-19 remain pending in this application. No new matter has been added. Entry and reconsideration of the amendments and following remarks is respectfully requested.

Claims Rejections - 35 U.S.C. §101

Claims 1-19 were rejected under 35 U.S.C. §101 as being directed toward non-statutory subject matter. Specifically, the Examiner stated that the claimed invention is merely an abstract idea that is not within the technological arts. In view of the amendments to claims 2, 8, and 16 and the following arguments, this rejection is respectfully traversed.

The claimed invention is not an abstract idea, but rather a method of restructuring the debt of a debtor who has an interest in a distressed property. Claims 1, 15, and 17-18

are not abstract ideas because they involve the steps of purchasing, satisfying, and reselling, which result in a restructured debt for a debtor with an interest in a distressed property.

Although claims 2, 7-9, 11-14, 16, and 19 each involve at least one step that employs an algorithm or calculation, mathematical algorithms are not barred by 35 U.S.C. §101 if they are practically applied, such that they produce "a useful, concrete and tangible result." *AT & T Corp. v. Excel Communications Inc.,* 172 F.3d 1352, 1357 (Fed. Cir. 1999). In the above-mentioned claims, the algorithms are practically applied by using them to determine the appropriate course of action to take (e.g. the steps of purchasing, satisfying and reselling in claim 2 and the steps of leasing in claim 8) in order to arrive at the useful, concrete and tangible result of restructuring the debt of a debtor who has an interest in a distressed property. The inquiry under 35 U.S.C. §101 requires the Examiner to view the claimed subject matter as a whole, rather than as individual steps, in order to determine whether the contested claims are an abstract idea or whether the mathematical concept has been reduced to some practical application rendering it useful. *Id.* When viewed as a whole, the above-mentioned claims practically apply the algorithms to render a useful result.

Furthermore, in light of the discussion above, the claims need not be drafted to recite their limitations as being performed by a server or a processor. "Whether stated implicitly or explicitly, we consider the scope of §101 to be the same regardless of the form - machine or process - in which a particular claim is drafted." *Id.*

Accordingly, Applicant asserts that claims 1-2, 7-9, and 11-19 are patentable under 35 U.S.C. §101 for the reasons stated above. It is therefore respectfully requested that the rejection of the claims under 35 U.S.C. §101 be withdrawn.

Claims Rejections - 35 U.S.C. §112, second paragraph

Claims 2-14 were rejected under 35 USC §112, second paragraph, as being indefinite for failing to particularly point out the claimed invention. Specifically, the Examiner stated independent claim 2 recites the step of determining Tc which does not functionally relate to the previous steps.

The Applicant has amended the independent claim so that the step of determining Tc functionally relates to the previous steps. Accordingly, withdrawal of the rejections under 35 USC §112, second paragraph, is respectfully requested.

Claims Rejections - 35 U.S.C. §102(b)

Claims 1 and 15-19 were rejected under 35 USC §102(b) as being anticipated by the Barchard et al. article (hereinafter "Barchard"). This rejection is respectfully traversed.

The present invention comprises a method for restructuring the debt of a debtor by purchasing a distressed property from the debtor, satisfying a mortgage balance remaining on the property, and satisfying the debtor's outstanding personal debt. All the debtor's existing debts are therefore satisfied and the debtor avoids foreclosure or

bankruptcy. The property is then sold back to the debtor at a premium (i.e. appraised present value of the property). The debtor is able to retain the property while continuing to satisfy his existing debts and there is no harm to the debtor's credit.

Barchard does not teach the limitation of satisfying the debtor's outstanding personal debt. Barchard only teaches satisfying the debtor's mortgage debt. Examples of personal debt, such as credit cards, auto loans, and student loans, are provided in the specification on pages 13, 15, and 18.

The difference is not innocuous. The present invention totally restructures all of the debts of the debtor. The debtor's debts are consolidated to a single secured creditor. The debtor may continue to live on the property while at the same time be afforded with a certain amount of relief from all financial burdens, personal and mortgage, that comes with a restructured debt. The debtor is able to focus his efforts on future payments, rather than on debts that the debtor was incapable of paying. Because of this and other significant differences, Barchard neither anticipates nor makes obvious the claimed invention as set forth in the above mentioned claims.

Accordingly, Applicant asserts that claims 1 and 15-19 are not anticipated under 35 U.S.C. §102(b) over the cited prior art for the reasons stated above. It is therefore respectfully requested that the rejection of the claims under 35 U.S.C. §102(b) be withdrawn.

Conclusion

In view of the above amendments and remarks it is submitted that the Examiner's objections and rejections have been overcome and should be removed and the present application should now be in condition for allowance.

The Applicant notes that there is no indication that the drawings are acceptable. The Applicant respectfully requests that the Examiner provide indication that the drawings are accepted by the Examiner in the next formal communication.

Should any changes to the claims and/or specification be deemed necessary to place the application in condition for allowance, the Examiner is respectfully requested to contact the undersigned to discuss the same.

In the event that any extensions and/or fees are required for the entry of this Response, the Patent and Trademark Office is specifically authorized to charge such fee to Deposit Account No. 50-0518 in the name of Steinberg & Raskin, P.C.

An early and favorable action on the merits is earnestly solicited.

Respectfully submitted,
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